

COMPANY REGISTRATION NUMBER: 11646462

Hitman 2 Productions Limited
Financial Statements
11 November 2020



Hitman 2 Productions Limited

Financial Statements

Period from 20 July 2019 to 11 November 2020

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Hitman 2 Productions Limited

Officers and Professional Advisers

The board of directors

M J O'Toole
A Lerner
T R J Short

Registered office

10 Orange Street
London
United Kingdom
WC2H 7DQ

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Hitman 2 Productions Limited

Strategic Report

Period from 20 July 2019 to 11 November 2020

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the development and production of the film "The Hitman's Wife's Bodyguard".

During the period the company continued production of a film entitled "The Hitman's Wife's Bodyguard". At the period end the film was complete. The directors anticipate formal delivery during the forthcoming period.

GOING CONCERN

The directors have undertaken a rigorous assessment of whether the company was a going concern when the accounts were prepared, considering all available information about the future, covering a period of 12 months from the date of the approval of the accounts.

The directors are not aware of any material uncertainty arising from their assessment that would cast doubt on the company's ability to continue as a going concern.

A detailed budget and cashflow have been prepared for the production and delivery of the film. Funds to meet the cashflow requirements are contractually in place and the directors do not anticipate any material overspend. The directors are therefore satisfied that the going concern assumption remains appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES

The business of film production is subject to a number of risks.

The film industry is a volatile industry susceptible to changes in the global economy, as well as changes in legislation, regulation and government policy which may affect the industry. Any of these may adversely affect consumer demand for films or the ability to successfully finance or market films.

KEY PERFORMANCE INDICATORS

The director considers the company's key financial performance indicator to be whether the film is produced in line with the agreed budget. At the period end, the estimates final cost of the film was in line with the budget.

The company was incorporated solely to produce the film "The Hitman's Wife's Bodyguard". Given this and the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

6/8/2021

This report was approved by the board of directors on and signed on behalf of the board by:

Matt O'Toole

M J O'Toole
Director

Hitman 2 Productions Limited

Directors' Report

Period from 20 July 2019 to 11 November 2020

The directors present their report and the financial statements of the company for the period ended 11 November 2020.

Directors

The directors who served the company during the period were as follows:

M J O'Toole
A Lerner
T R J Short

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The commercial environment is expected to remain competitive in the coming period.

Financial instruments

The Company's principal financial instruments comprise bank balances, loans, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by ensuring that amounts due are received in a timely manner.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Overseas branches

The company was incorporated in the United Kingdom and has no overseas branches.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Hitman 2 Productions Limited

Directors' Report *(continued)*

Period from 20 July 2019 to 11 November 2020

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on ^{6/8/21}..... and signed on behalf of the board by:

Matt O Toole

M J O'Toole
Director

Hitman 2 Productions Limited

Independent Auditor's Report to the Members of Hitman 2 Productions Limited

Period from 20 July 2019 to 11 November 2020

Opinion

We have audited the financial statements of Hitman 2 Productions Limited (the 'company') for the period ended 11 November 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 11 November 2020 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Hitman 2 Productions Limited

Independent Auditor's Report to the Members of Hitman 2 Productions Limited (continued)

Period from 20 July 2019 to 11 November 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hitman 2 Productions Limited

Independent Auditor's Report to the Members of Hitman 2 Productions Limited (continued)

Period from 20 July 2019 to 11 November 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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Hitman 2 Productions Limited

Independent Auditor's Report to the Members of Hitman 2 Productions Limited (continued)

Period from 20 July 2019 to 11 November 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Joberns

Stephen Joberns (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

9 August 2021

Hitman 2 Productions Limited

Statement of Comprehensive Income

Period from 20 July 2019 to 11 November 2020

		Period from 20 Jul 19 to 11 Nov 20 £	Period from 29 Oct 18 to 19 Jul 19 £
	Note		
Turnover	6	14,030,582	45,443,329
Cost of sales		(15,414,947)	(54,795,389)
Gross loss		(1,384,365)	(9,352,060)
Operating loss		(1,384,365)	(9,352,060)
Loss before taxation		(1,384,365)	(9,352,060)
Tax on loss	7	1,384,365	9,352,060
Result for the financial period and total comprehensive income		–	–

All the activities of the company are from continuing operations.

The notes on pages 13 to 17 form part of these financial statements.

Hitman 2 Productions Limited

Statement of Financial Position

11 November 2020

	Note	11 Nov 20 £	19 Jul 19 £
Current assets			
Debtors	8	1,870,007	15,902,363
Cash at bank and in hand		<u>112,394</u>	<u>83,288</u>
		1,982,401	15,985,651
Creditors: amounts falling due within one year	9	<u>(1,982,391)</u>	<u>(15,985,641)</u>
Net current assets		<u>10</u>	<u>10</u>
Total assets less current liabilities		<u>10</u>	<u>10</u>
Net assets		<u>10</u>	<u>10</u>
Capital and reserves			
Called up share capital	10	<u>10</u>	<u>10</u>
Shareholders funds		<u>10</u>	<u>10</u>

These financial statements were approved by the board of directors and authorised for issue on 6/8/2021, and are signed on behalf of the board by:

Matt O'Toole

M J O'Toole
Director

Company registration number: 11646462

The notes on pages 13 to 17 form part of these financial statements.

Hitman 2 Productions Limited

Statement of Changes in Equity

Period from 20 July 2019 to 11 November 2020

	Called up share capital £	Profit and loss account £	Total £
At 29 October 2018	–	–	–
Profit for the period		–	–
Issue of shares	10	–	10
Total investments by and distributions to owners	10	–	10
At 19 July 2019	10	–	10
Profit for the period		–	–
At 11 November 2020	10	–	10

The notes on pages 13 to 17 form part of these financial statements.

Hitman 2 Productions Limited

Statement of Cash Flows

Period from 20 July 2019 to 11 November 2020

	11 Nov 20 £	19 Jul 19 £
Cash flows from operating activities		
Profit for the financial period	–	–
<i>Adjustments for:</i>		
Tax on loss	(1,384,365)	(9,352,060)
Accrued expenses	45,769	101,635
<i>Changes in:</i>		
Trade and other debtors	6,064,661	(6,550,303)
Trade and other creditors	(14,049,019)	15,884,006
Cash generated from operations	(9,322,954)	83,278
Tax received	9,352,060	–
Net cash from operating activities	<u>29,106</u>	<u>83,278</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	–	10
Net cash from financing activities	<u>–</u>	<u>10</u>
Net increase in cash and cash equivalents	29,106	83,288
Cash and cash equivalents at beginning of period	83,288	–
Cash and cash equivalents at end of period	<u>112,394</u>	<u>83,288</u>

The notes on pages 13 to 17 form part of these financial statements.

Hitman 2 Productions Limited

Notes to the Financial Statements

Period from 20 July 2019 to 11 November 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10 Orange Street, London, WC2H 7DQ, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Going concern

The financial statements are prepared on the going concern basis, based on ongoing support of the parent undertaking, and the fact that despite the Covid-19 pandemic, the film production industry continues to operate successfully.

Comparatives

The accounts cover the period from 20 July 2019 to 11 November 2020. The comparatives cover the period from incorporation on 29 October 2018 to 19 July 2019.

The accounting period has been extended to ensure that the accounting period and tax credit claim is contemporaneous.

Judgements and key sources of estimation uncertainty

Accruals are estimated by reference to purchase orders raised at the period end and estimates to complete. Payments received on account are estimated by reference to percentage of completion of the television production, as noted in "Revenue recognition" below.

Hitman 2 Productions Limited

Notes to the Financial Statements *(continued)*

Period from 20 July 2019 to 11 November 2020

3. Accounting policies *(continued)*

Revenue recognition

Turnover relates to the production of the film entitled "The Hitman's Wife's Bodyguard". It represents the value of the work done in the period, including estimates of amounts not invoiced and is stated after trade discounts, other taxes and net of VAT.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

4. Employees

The company has been incorporated to produce a film called "The Hitman's Wife's Bodyguard". In common with the film and television industry the majority of crew are hired on short term contracts for the duration of principal photography or are self-employed.

None of the Directors received any form of remuneration.

5. Auditor's remuneration

Fees payable for the audit of the financial statements are £10,000 (2019: £12,000).

Hitman 2 Productions Limited

Notes to the Financial Statements *(continued)*

Period from 20 July 2019 to 11 November 2020

6. Turnover

Turnover arises from:

	Period from 20 Jul 19 to 11 Nov 20 £	Period from 29 Oct 18 to 19 Jul 19 £
Production funding	<u>14,030,582</u>	<u>45,443,329</u>

There is no material difference between the geographical origin and destination of the supply underlying the turnover figure.

The whole of the turnover was derived from the United States of America and is attributable to the principal activity of the company which was to produce and shoot a feature film in various European locations.

7. Tax on loss

Major components of tax income

	Period from 20 Jul 19 to 11 Nov 20 £	Period from 29 Oct 18 to 19 Jul 19 £
Current tax:		
UK current tax income	(1,384,365)	(9,352,060)
Tax on loss	<u>(1,384,365)</u>	<u>(9,352,060)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Period from 20 Jul 19 to 11 Nov 20 £	Period from 29 Oct 18 to 19 Jul 19 £
Loss on ordinary activities before taxation	(1,384,365)	(9,352,060)
Film tax relief	<u>(1,384,365)</u>	<u>(9,352,060)</u>

8. Debtors

	11 Nov 20 £	19 Jul 19 £
Amounts owed by group undertakings	471,536	4,455,286
VAT recoverable	30	58,671
Corporation tax recoverable	1,384,365	9,352,060
Other debtors	14,076	2,036,346
	<u>1,870,007</u>	<u>15,902,363</u>

Hitman 2 Productions Limited

Notes to the Financial Statements *(continued)*

Period from 20 July 2019 to 11 November 2020

9. Creditors: amounts falling due within one year

	11 Nov 20	19 Jul 19
	£	£
Trade creditors	450,622	62,272
Accruals and deferred income	147,404	101,635
Production loan	1,384,365	9,352,060
Other creditors	–	6,469,674
	<u>1,982,391</u>	<u>15,985,641</u>

The loan has been secured against the anticipated future film tax credit.

10. Called up share capital

Issued, called up and fully paid

	11 Nov 20		19 Jul 19	
	No.	£	No.	£
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

11. Analysis of changes in net debt

	At 20 Jul 2019	Cash flows	At 11 Nov 2020
	£	£	£
Cash at bank and in hand	<u>83,288</u>	<u>29,106</u>	<u>112,394</u>

12. Contingencies

Charges have been made against the film in favour of the following parties to secure their interests in the copyright of and title to the film:

Commercial Bank, a Texas Banking Association

13. Related party transactions

The company was under the control of PSI Productions Limited throughout the current and previous period.

The company has taken advantage of Section 33 of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

Hitman 2 Productions Limited

Notes to the Financial Statements *(continued)*

Period from 20 July 2019 to 11 November 2020

14. Parent undertaking and controlling party

In the opinion of the directors the immediate parent undertaking is PSI Productions Limited.

The ultimate parent undertaking is A&T Media Inc, a company incorporated in the United States of America. A&T Media Inc is the parent undertaking of the largest and smallest group for which group accounts are drawn up and of which the company is a member.